

March 11, 2014

Co-Chair Paul R. Doyle

Co-Chair David A. Baram

Senator Kevin D. Witkos

Representative Dan Carter

General Law Committee:

I am submitting testimony in opposition to S.B. 299, AN ACT ESTABLISHING A PREPAID CONSUMER HEATING FUEL CONTRACT GUARANTY FUND.

My name is Cameron Condon and I am the business manager of Eastern Fuel, a 5th generation family owned heating oil company in Hamden that is in its 124th year of operation. Eastern Fuel does offer price protection plans to our customers but does not offer a fixed price/Pre-buy plan. I oppose SB 299 and its creation of a guaranty fund as I feel our company and our customers should not be penalized for a product we do not sell. I feel the proposed bill is the result of one competitor that did not follow the existing law and/or that the law was not properly enforced. This bill and the fund that it will create, will do nothing to prevent the circumstances like the customers of Ace oil suffered from happening again but rather put an additional financial burden on law abiding companies that honor contracts and laws.

Even though my company does not offer a fixed price/pre-buy program it is not because the design of these programs is unprofitable or financially risky. In fact, if the current law is followed and properly enforced a fixed price/pre-buy program should create price stability for both heating oil dealers and consumers in a volatile energy market. I will not get into my opinion about pre-buy plans or how successful a properly run fixed price/pre-buy program can be when the laws regarding these plans are followed as I expect you will hear from the hundreds of oil dealers in this state that have been offering these programs successfully year after year for decades.

The heating oil industry in this state is primarily made of family owned businesses that operate on cents per gallon. These family owned companies are already burdened with existing taxes, fees, rising insurance and many other costs that are paid so we can operate our businesses under both federal and state laws. The proposed annual fee to fund SB 299 will most likely be passed directly back to the consumer as the high costs to run a business in this state are already challenging enough. Any additional fees or taxes imposed on this industry will likely be recovered in higher delivery retail prices.

My opposition of this plan comes directly from my customers – residents of New Haven County that are tired of seeing their cost of living constantly being taxed. Since my company does not offer a fixed price/pre-buy plan I conclude that my customers do not want a fixed price/pre-buy – if they did, they would probably be a customer of a company that does offer these plans. If this bill were to pass, my customers, who do not want a fixed price and do not want to pay for their fuel up front will ultimately be paying for those customers that do business with companies that do offer a pre-buy. This would be like charging a non-smoker a cigarette tax or requiring someone to pay for a fishing license even if they do not fish.

Please oppose SB 299 and consider alternative solutions proposed by our industry's heating oil associations. The regulation of pre-buy plans can be addressed without creating another tax.

Sincerely,

Cameron Condon